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**PLAN OF CONVERSION**

**of**

**PREMERA,  
a Washington non-profit miscellaneous corporation,**

**and its wholly owned subsidiaries,**

**Premera Blue Cross,  
a Washington non-profit health care service contractor,**

**and**

**LifeWise Health Plan of Washington,  
a Washington non-profit health care service contractor.**

**Dated as of ●, 2004**

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## **PLAN OF CONVERSION**

This Plan of Conversion (the “Plan of Conversion”), dated as of ●, 2004 provides for the conversion of PREMERA, a Washington non-profit miscellaneous corporation (“PREMERA”), and its wholly owned direct and indirect subsidiaries, Premera Blue Cross, a Washington non-profit health care service contractor (“PBC”), and LifeWise Health Plan of Washington, a Washington non-profit health care service contractor (“LifeWise Washington”), from Washington non-profit corporations organized under Titles 24.06 and 24.03 of the Revised Code of Washington (“RCW”) to Washington for-profit business corporations organized under Title 23B of the RCW (the “Conversion”).

Pursuant to the terms of the Conversion, PREMERA will first amend the Articles of Incorporation of PREMERA to provide that the [Washington Foundation Shareholder], a Washington non-profit corporation (the “Washington Foundation Shareholder”) which expects to qualify as tax exempt pursuant to Section 501(a) of the Internal Revenue Code of 1986, as amended (the “Code”), and Alaska Health Foundation (“Alaska Health Foundation”), which also expects to qualify as tax exempt pursuant to Section 501(a) of the Code, will become the sole members of PREMERA. LifeWise Washington will then transfer, pursuant to the LifeWise Transfer Agreement (as defined below), all its assets and liabilities to its newly formed wholly owned for-profit subsidiary, [New LifeWise Health Plan of Washington Corp.], a for-profit Washington corporation (“New LifeWise Washington”), in exchange for 100% of the stock of New LifeWise Washington. LifeWise Washington will then perform a statutory liquidation and distribute the New LifeWise Washington stock to Washington-Alaska Group Services, Inc. PBC will then transfer, pursuant to the Alaska Transfer Agreement, certain of its assets and liabilities directly related to its operations in Alaska to its newly-formed wholly-owned subsidiary, Premera Blue Cross Blue Shield of Alaska Corp., an Alaska for-profit insurance company that will be eligible to act as an insurer and transact “health and health care insurance” (as defined in Section 21.12.050 of the Alaska Statutes (“AS”)) (“PBC-AK”), in exchange for 100% of the stock of PBC-AK. PBC transfers, pursuant to the PBC Transfer Agreement, all of its assets and liabilities, including its health care service contractor registration in the State of Washington and the stock of PBC-AK, to its newly-formed wholly-owned subsidiary, [New Premera Blue Cross Corp.], a Washington for-profit corporation (“New PBC”), in exchange for 100% of the stock of New PBC. After the foregoing transfers, PBC will have one wholly-owned subsidiary corporation, New PBC, PBC-AK will be a wholly-owned subsidiary of New PBC, and WAGs will be the sole and direct owner of New LifeWise Washington. PBC will then perform a statutory liquidation and distribute all of its assets and liabilities to PREMERA, including the stock of New PBC. New PBC will then transfer all of its stock of PBC-AK to PREMERA. Following this transfer, PREMERA will have two wholly-owned subsidiary corporations, PBC-AK and New PBC. PREMERA will then transfer, pursuant to the PREMERA Transfer Agreement, all of its assets and liabilities to its newly-formed, wholly-owned for-profit subsidiary, New PREMERA, a for-profit Washington corporation (“New PREMERA”), in exchange for 100% of the stock of New PREMERA. Following this transfer New PREMERA will be the sole and direct owner of New PBC and PBC-AK. PREMERA will then perform a statutory liquidation and distribute the New PREMERA stock to the Washington Foundation Shareholder and Alaska Health Foundation.

After the completion of the Conversion, the Washington Foundation Shareholder and Alaska Health Foundation will collectively own 100% of the capital stock of New PREMIERA, and New PREMIERA will directly control PBC-AK and New PBC and indirectly control all of New PBC's subsidiaries including LifeWise Assurance Company, a Washington for-profit insurance company ("LWA"), New LifeWise Washington Corp., LifeWise Health Plan of Arizona, Inc., a Washington for-profit insurance company ("LW-AZ"), and LifeWise Health Plan of Oregon, Inc., an Oregon for-profit insurance company ("LifeWise Oregon," and together with LWA, New LifeWise Washington, and LW-AZ, collectively, the "Subsidiaries"). The Washington Foundation Shareholder and Alaska Health Foundation will gradually divest themselves of the shares of New PREMIERA stock over a period of time. The Washington Foundation Shareholder shall use the resultant net proceeds to promote the health of the residents of the State of Washington and Alaska Health Foundation shall use the resultant net proceeds to promote the health of the residents of the State of Alaska.

Capitalized terms used but not defined herein shall have the respective meanings set forth in the Form A (as defined below).

## **ARTICLE I**

### **DEFINITIONS**

As used in this Plan of Conversion, the following capitalized terms have the following meanings (if capitalized terms are not defined herein, such terms have the meaning given in the Form A):

"Access" shall mean (A) all reasonable access to (i) the drafts of the S-1 Registration Statement for the Public Offering for purposes of reviews and comments and filing the same with the Securities and Exchange Commission ("SEC"), (ii) drafts of response letters to the SEC comments (including materials supplementally provided to the SEC), (iii) the preparation and conducting of the Public Offering roadshow, including, but not limited to, (a) any presentation to New PREMIERA by its financial advisors related to the contemplated size of the IPO, the split between primary and secondary shares, and the pricing range of the Common Stock prior to the roadshow, (b) a presentation to the advisors of the states of Washington and Alaska on the foregoing issues to occur prior to the commencement of the roadshow, and (c) attendance at selected meetings and presentations during the roadshow, and (iv) the processes of book-building for and pricing the Public Offering, and (B) the receipt and review of, and the opportunity to comment on, draft and final copies of such Public Offering-related documents and materials, including, without limitation, (i) SEC filings and responses to SEC comments, (ii) the underwriting agreement, (iii) roadshow slides and Internet pages, (iv) information and materials prepared by the Company's lead underwriters relevant to pricing and size of the offering, and (v) other investor presentation materials, in each case substantially contemporaneous with the distribution thereof to the investment banking firm or firms acting as New PREMIERA's financial advisor in connection with the Public Offering and/or as bookrunning lead managing underwriter for the Public Offering.

"Alaska Health Foundation" has the meaning set forth in the Preamble hereof.

“AS” has the meaning set forth in the Preamble hereof.

“BCBSA” means the Blue Cross and Blue Shield Association, owner of the Blue Cross<sup>®</sup> and Blue Shield<sup>®</sup> names and marks.

“Blue Cross and Blue Shield Licensing Agreement” means an agreement to be in effect as of the Closing Date between New PREMIERA and the BCBSA that licenses New PREMIERA (and indirectly, New PBC) to use the Blue Cross and Blue Shield name and mark.

“Closing Date” has the meaning set forth in Section 4.3(b) hereof.

“Code” has the meaning set forth in the Preamble hereof.

“Conversion” has the meaning set forth in the Preamble hereof.

“Disclaimer of Control” has the meaning set forth in Section 4.2 hereof.

“Form A” means the Statement Regarding the Acquisition of Control of a Domestic Health Carrier and a Domestic Insurer which was filed on behalf of the Company with the Insurance Commissioner of the State of Washington, the Attorney General of the State of Washington, the Alaska Division of Insurance and the Oregon Insurance Division on September 17, 2002, as such may be amended from time to time.

“Form D” means the Prior Notice of a Transaction which was filed concurrently with the Form A on behalf of the Company with the Insurance Commissioner of the State of Washington, the Attorney General of the State of Washington, the Alaska Division of Insurance and the Oregon Insurance Division.

“LifeWise Oregon” has the meaning set forth in the Preamble hereof.

“LifeWise Transfer Agreement” means the LifeWise Washington Transfer of Assets Agreement, an agreement substantially in the form attached as Exhibit A hereto, between LifeWise Washington and New LifeWise Washington dated as of the Closing Date

“LifeWise Washington” has the meaning set forth in the Preamble hereof.

“LW AZ” has the meaning set forth in the Preamble hereof.

“LWA” has the meaning set forth in the Preamble hereof.

“New LifeWise Washington” has the meaning set forth in the Preamble hereof.

“New PBC” has the meaning set forth in the Preamble hereof.

“New PREMIERA” has the meaning set forth in the Preamble hereof.

“ORS” means the Oregon Revised Statutes.

“PBC” has the meaning set forth in the Preamble hereof.

“PBC-AK” has the meaning set forth in the Preamble hereof.

“Plan of Conversion” has the meaning set forth in the Preamble and shall include the Form A.

“Plan of Conversion Documents” means the Form A, Voting Trust and Divestiture Agreements, the Registration Agreement, the Escrow Agreement, the License Agreement, the Transfer, Grant and Loan Agreement, Blue Cross and Blue Shield Licensing Agreement, the Management Agreement, the LifeWise Transfer Agreement, the Alaska Transfer Agreement, the PBC Transfer Agreement, the Transfer of PBC-AK Shares Agreement, the PREMERA Transfer Agreement, the Guaranty Agreement between New PREMERA and New PBC, the Guaranty Agreement between New PREMERA and PBC-AK, and any other documents set forth in this Plan of Conversion and related thereto.

“PREMERA” has the meaning set forth in the Preamble hereof.

“RCW” has the meaning set forth in the Preamble hereof.

“Subsidiaries” has the meaning set forth in the Preamble hereof.

“WAC” means the Washington Administrative Code.

“Washington Foundation Shareholder” has the meaning set forth in the Preamble hereof.

“Washington Insurance Commissioner” means the Insurance Commissioner of the State of Washington.

## **ARTICLE II**

### **PURPOSES OF CONVERSION**

The PREMERA family of companies desires to reorganize in a manner that will allow New PREMERA to access the equity capital markets. Such capital availability would enhance the New PREMERA family of companies’ flexibility and responsiveness to customer needs in an increasingly demanding healthcare marketplace. Access to equity capital would also allow the New PREMERA family of companies to make continued investments in new products and technology, support a growing customer base and allow the New PREMERA family of companies to continue to make the experience of its customers regarding their health plan better and more efficient. It would also provide additional resources to support New PREMERA’s intent to remain the strong, locally managed independent parent company of the New PREMERA family of companies in a world of ever-increasing consolidations in the healthcare system. After the completion of the reorganization, New PREMERA would have the right to issue and sell newly issued shares of New PREMERA, at its discretion, with proceeds going directly to New PREMERA to fund the ongoing capital needs of New PBC and the Subsidiaries.

Furthermore, as part of the proposed conversion, the Washington Foundation Shareholder and Alaska Health Foundation will collectively receive 100% of the initial stock of New PREMERA. The Washington Foundation Shareholder and Alaska Health Foundation will each use the proceeds from the sale of such New PREMERA stock to create a fund that will be dedicated to health initiatives for the residents of Washington and Alaska, respectively. PREMERA believes that, through the creation of such a fund, the reorganization could result in substantial amounts dedicated to the public benefit. Moreover, the proposed conversion will not, in any way, change health care benefits to subscribers.

### **ARTICLE III**

#### **[RESERVED]**

### **ARTICLE IV**

#### **THE PLAN OF CONVERSION**

4.1 Background. The Board of Directors of PREMERA adopted this Plan of Conversion by unanimous vote at a meeting duly called and held on •. The resolution of the Board of Directors of PREMERA approving this Plan of Conversion is attached hereto as Exhibit B. The Board of Directors of PBC adopted this Plan of Conversion by unanimous vote at a meeting duly called and held on •. The resolution of the Board of Directors of PBC approving this Plan of Conversion is attached hereto as Exhibit C. The Board of Directors of LifeWise Washington adopted this Plan of Conversion by unanimous vote at a meeting duly called and held on •. The resolution of the Board of Directors of LifeWise Washington approving this Plan of Conversion is attached hereto as Exhibit D.

4.2 Effect of the Conversion. The Washington Foundation Shareholder and Alaska Health Foundation will collectively own, as of the consummation of the Plan of Conversion, 100% of the issued and outstanding capital stock of New PREMERA, and indirectly own 100% of the stock of PBC-AK, New PBC and the Subsidiaries. Although the Washington Foundation Shareholder and Alaska Health Foundation will collectively own 100% of the initial capital stock of New PREMERA pursuant to the Plan of Conversion, each entity has disclaimed “control” of New PREMERA (“Disclaimer of Control”), PBC-AK, New PBC and the Subsidiaries within the meaning of Section 48.31B.005(2) and Section 48.31C.010(3) of the RCW, Section 21.22.200(3) of the AS and Section 732.548(2) of the ORS.

The Washington Foundation Shareholder and Alaska Health Foundation will each divest its New PREMERA stock over a period of time pursuant to the Voting Trust Agreements. Pursuant to the Transfer, Grant and Loan Agreement, the Washington Foundation Shareholder and Alaska Health Foundation shall each use the resultant net proceeds to promote the health and welfare of the citizens of Washington and Alaska, respectively.

New PREMERA will remain subject to all of PREMERA’s liabilities, obligations and relations of whatever kind and will succeed to all property, assets, rights, interests and relations of PREMERA. Likewise, PBC-AK will remain subject to PBC’s liabilities, obligations and

relations associated with the assets received from PBC, and New PBC will remain subject to all of PBC's remaining liabilities, obligations and relations of whatever kind and will succeed to all property, assets, rights, interests and relations of PBC, and New LifeWise Washington will remain subject to all of LifeWise Washington's liabilities, obligations and relations of whatever kind and will succeed to all property, assets, rights, interests and relations of LifeWise Washington.

Following the Conversion, since New PREMERA, PBC-AK and New PBC, and New LifeWise Washington will assume all of the liabilities, obligations and relations of whatever kind of PREMERA, PBC and LifeWise Washington, respectively, there will be no change in the rights of PBC or LifeWise Washington subscribers and certificate holders to medical or hospital services, or the payment of claims to reimburse such services. Like PREMERA, PBC, and LifeWise Washington, New PREMERA, PBC-AK, New PBC, and New LifeWise Washington will meet all of the applicable standards and conditions required under Title 48 of the RCW and Title 21 of the AS, including applicable minimum capital and surplus requirements. Thus, this Plan of Conversion adequately protects the existing contractual rights of PBC's and LifeWise Washington's subscribers and certificate holders to medical and hospital services and claims for reimbursement for these services.

PBC's and LifeWise Washington's subscribers and certificate holders have no right to receive any assets, surplus, capital, payment or distribution or to receive any stock or other ownership interest in New PREMERA, New PBC, PBC-AK, or New LifeWise Washington. No director, officer or employee of PREMERA, PBC, PBC-AK, or LifeWise Washington will receive (a) any fee, commission, compensation or other valuable consideration for aiding, promoting or assisting in the Conversion, other than compensation paid to such individuals in the ordinary course of business, or (b) any distribution of the assets, surplus, capital or capital stock of PBC, PREMERA, LifeWise Washington, New PREMERA, PBC-AK, New PBC or New LifeWise Washington, as part of the Conversion.

#### 4.3 Effectiveness of Plan of Conversion.

(a) Conditions. Each of the following events must occur prior to consummation of the Conversion:

(i) *Washington Insurance Commissioner.*

(A) PREMERA, on behalf of New PREMERA, must have received approval of the Form A and the Form D from the Washington Insurance Commissioner pursuant to orders of the Washington Insurance Commissioner that are in form and substance acceptable to the Board of Directors of PREMERA and PBC.

(B) PREMERA, on behalf of the Washington Foundation Shareholder and Alaska Health Foundation, must have received approval of the Disclaimer of Control from the Washington Insurance Commissioner pursuant to an order of the Washington Insurance Commissioner that is in form and substance acceptable to the Board of Directors of PREMERA and PBC.

(C) PREMERA, on behalf of New PREMERA, must have confirmation from the Commissioner that the transfer of the assets, including, but not limited to, all “insurance contracts” (as defined in Section 284-95-030(6) of the WAC), of PBC to PBC-AK and New PBC and of LifeWise Washington to New LifeWise Washington will not be deemed to trigger the requirements of Chapter 284-95 of the WAC.

(ii) *Alaska Division of Insurance.*

(A) PREMERA, on behalf of New PREMERA, must have received approval of the Form A and the Form D from the Alaska Division of Insurance pursuant to orders of the Alaska Division of Insurance that are in form and substance acceptable to the Board of Directors of PREMERA and PBC.

(B) PREMERA, on behalf of the Washington Foundation Shareholder and Alaska Health Foundation, must have received an approval of the Disclaimer of Control from the Alaska Division of Insurance pursuant to an order of the Alaska Division of Insurance that is in form and substance acceptable to the Board of Directors of PREMERA and PBC.

(C) The Alaska Division of Insurance shall have approved the granting of a certificate of authority to act as an insurer and transact “health and health care insurance” (as defined in Section 21.12.050 of the AS) in Alaska to PBC-AK pursuant to Chapter 21.09 of the AS, the application for which was made in accordance with Section 21.09.110 of the AS.

(iii) *Oregon Insurance Division.*

(A) PREMERA, on behalf of New PREMERA, must have received approval of the Form A and the Form D from the Oregon Insurance Division pursuant to orders of the Oregon Insurance Division that are in form and substance acceptable to the Board of Directors of PREMERA and PBC.

(B) PREMERA, on behalf of the Washington Foundation Shareholder and Alaska Health Foundation, must have received approval of the Disclaimer of Control from the Oregon Insurance Division pursuant to an order of the Oregon Insurance Division that is in form and substance acceptable to the Board of Directors of PREMERA and PBC.

(iv) *Washington Foundation Shareholder.* With regard to the Washington Foundation Shareholder:

(A) the Washington Foundation Shareholder shall be duly organized and validly existing as a non-profit corporation under the laws of the State of Washington and shall be operating under the Washington Foundation Shareholder Articles of Incorporation and Bylaws,



(B) the Board of Directors of the Washington Foundation Shareholder shall have approved and authorized the execution, delivery and performance by the Washington Foundation Shareholder of the Transfer, Grant and Loan Agreement, the License Agreement, the Voting Trust Agreement (to which it is a party), the Registration Agreement and any other Plan of Conversion Document to which the Washington Foundation Shareholder is a party, and

(C) the Washington Foundation Shareholder shall have received (or applied for) a determination letter from the Internal Revenue Service that it is exempt from taxation under Section 501(a) of the Code.

(v) *Alaska Health Foundation.* With regard to the Alaska Health Foundation:

(A) the Alaska Health Foundation shall be duly organized, validly existing and in good standing as a non-profit corporation under the laws of the State of Alaska and shall be operating under the Alaska Health Foundation Articles of Incorporation and Bylaws,

(B) the Board of Directors of the Alaska Health Foundation shall have approved and authorized the execution, delivery and performance by the Alaska Health Foundation of the Transfer, Grant and Loan Agreement, the License Agreement, the Voting Trust Agreement (to which it is a party), the Registration Agreement and any other Plan of Conversion Document to which Alaska Health Foundation is a party, and

(C) the Alaska Health Foundation shall have received (or applied for) a determination letter from the Internal Revenue Service that it is exempt from taxation under Section 501(a) of the Code.

(vi) *PBC.* The Board of Directors of PBC shall have approved and authorized the transfer of certain of its assets and liabilities directly related to its operations in Alaska to PBC-AK in exchange for 100% of the stock of PBC-AK pursuant to the Alaska Transfer Agreement, the transfer of its other assets and liabilities, including its health care service contractor registration in the State of Washington (and including the stock of PBC-AK) to New PBC in exchange for 100% of the stock of New PBC, the liquidation of PBC and distribution of its New PBC stock to PREMERA pursuant to the PBC Transfer Agreement, and the consummation by PBC of the other transactions as contemplated herein.

(vii) *PREMERA.* The Board of Directors of PREMERA shall have approved and authorized the execution, delivery and performance by PREMERA of the Transfer, Grant and Loan Agreement, and any other Plan of Conversion Document to which PREMERA is a party, the transfer of its assets and liabilities to New PREMERA in exchange for 100% of the stock of New PREMERA, and the liquidation of PREMERA and distribution of its remaining asset, the New PREMERA stock, to the Washington Foundation Shareholder and Alaska Health Foundation pursuant to the PREMERA

Transfer Agreement, and the consummation by New PREMERA of the other transactions as contemplated herein.

(viii) *New PBC.* With regard to New PBC:

(A) the Articles of Incorporation of New PBC shall be filed with the Washington Secretary of State, and

(B) the incorporator shall adopt the Bylaws of New PBC and shall appoint a slate of directors and officers of New PBC identical to the persons serving in such capacities for PBC, who will serve in the same capacities for New PBC.

(C) the Board of Directors of New PBC shall have approved and authorized the execution, delivery and performance by New PBC of the Guaranty Agreement and any other Plan of Conversion Document to which New PBC is a party.

(D) the Board of Directors of New PBC shall have approved and authorized the distribution of the PBC-AK stock to PREMERA pursuant to the Transfer of PBC-AK Shares Agreement.

(ix) *PBC-AK.* With regard to PBC-AK:

(A) the Articles of Incorporation of PBC-AK shall be filed with the Alaska Secretary of State,

(B) the incorporator shall adopt the Bylaws of PBC-AK and shall appoint a slate of directors and officers of PBC-AK, and

(C) PBC-AK shall acquire a certificate of authority to act as an insurer and transact “health and health care insurance,” as defined in Section 21.12.050 of the AS, in Alaska to PBC-AK pursuant to Chapter 21.09 of the AS.

(D) The Board of Directors of PBC-AK shall have approved and authorized the execution, delivery and performance by PBC-AK of the Guaranty Agreement and any other Plan of Conversion Document to which PBC-AK is a party.

(x) *New PREMERA.* With regard to New PREMERA:

(A) the Articles of Incorporation of New PREMERA shall be filed with the Washington Secretary of State, and

(B) the incorporator shall adopt the Bylaws of New PREMERA and shall appoint a slate of directors and officers of New PREMERA identical to the persons serving in such capacities for PREMERA, who will serve in the same capacities for New PREMERA.

(C) The Board of Directors of New PREMERA shall have approved and authorized the execution, delivery and performance by New PREMERA of any Plan of Conversion Document to which New PREMERA is a party.

(xi) *LifeWise Washington.* The Board of Directors of LifeWise Washington shall have approved and authorized the transfer of its assets and liabilities to New LifeWise Washington in exchange for 100% of the stock of New LifeWise Washington, the liquidation of LifeWise Washington and distribution of its remaining asset, the New LifeWise Washington stock, to WAGS pursuant to the LifeWise Transfer Agreement, and the consummation by LifeWise Washington of the other transactions as contemplated herein.

(xii) *New LifeWise Washington.* With regards to New LifeWise Washington:

(A) the Articles of Incorporation of New LifeWise Washington substantially in the form attached hereto as Exhibit E shall be filed with the Washington Secretary of State, and

(B) the incorporator shall adopt the Bylaws of New LifeWise Washington substantially in the form attached hereto as Exhibit F and shall appoint a slate of directors and officers of New LifeWise Washington identical to the persons serving in such capacities for LifeWise Washington, who will serve in the same capacities for New LifeWise Washington.

(C) The Board of Directors of New LifeWise Washington shall have approved and authorized the execution, delivery and performance by New LifeWise Washington of any Plan of Conversion Document to which New LifeWise Washington is a party.

(xiii) *Tax Opinions.* PREMERA, PBC, PBC-AK, Quality Solutions and LifeWise Washington shall have received an opinion of •, special counsel to PREMERA, PBC, PBC-AK, Quality Solutions, WAGS, and LifeWise Washington, dated as of the Closing Date, that in form and substance is substantially the same as the form of the tax opinions that are to be provided to the Washington State Office of Insurance Commissioner and the Alaska Division of Insurance at least five (5) business days prior to the date of the Form A Hearing, is reasonably satisfactory to PREMERA, PBC, Quality Solutions, WAGS, LifeWise Washington, PBC-AK, the Alaska Division of Insurance and the Washington State Office of Insurance Commissioner and, is based upon facts, representations and assumptions as set forth in such opinion that are consistent with the state of facts existing as of the Closing Date, to the effect that (i) the Conversion should be treated for federal income tax purposes as one or more reorganizations under Section 368(a) of the Code, and the Washington Foundation Shareholder, Alaska Health Foundation, PREMERA, PBC, PBC-AK, Quality Solutions, WAGS and LifeWise Washington should each be a party to a reorganization, (ii) the Conversion should not result in the recognition of income, gain or loss for federal income tax purposes by the Washington Foundation Shareholder, Alaska Health Foundation, PREMERA, PBC, LifeWise Washington, Quality Solutions, WAGS, New PREMERA,

New PBC, New Quality Solutions, PBC-AK or New LifeWise Washington, (iii) PREMERA should not recognize any income, gain or loss for federal income tax purposes as a result of receiving stock of New PREMERA, PBC should not recognize any income, gain or loss for federal income tax purposes as a result of receiving stock of New PBC, Quality Solutions should not recognize any income, gain or loss for federal income tax purposes as a result of receiving stock of New Quality Solutions, and LifeWise Washington should not recognize any income, gain or loss for federal income tax purposes as a result of receiving stock of New LifeWise Washington, (iv) the contribution by PBC to PBC-AK of all of the assets and liabilities related to the Alaska health insurance business should constitute a transaction to which Section 351 or Section 368 of the Code applies, (v) New PBC's distribution of the stock of PBC-AK to PREMERA should constitute a transaction to which Section 355 of the Code applies, and (vi) the Conversion should not cause Premera to undergo an "ownership change" as such term is defined in Section 382(g) of the Code. In rendering such opinions, counsel may require and rely upon certain representations contained in certificates of officers of PBC, New PBC, PBC-AK, PREMERA, New PREMERA, LifeWise Washington, New LifeWise Washington, WAGS, the Washington Foundation Shareholder, and Alaska Health Foundation. Such representations will be consistent with the state of facts existing as of the Closing Date.

(xiv) *Washington Attorney General.* Any required approval of the Washington Attorney General in regard to (a) the Washington Foundation Shareholder's Articles of Incorporation and Bylaws, (b) Alaska Health Foundation's Articles of Incorporation and Bylaws and (c) the dissolution and distribution of all of the assets of PREMERA, PBC and LifeWise Washington in accordance with this Plan of Conversion shall have been received.

(xv) *BCBSA.* The Blue Cross and Blue Shield Licensing Agreement must be in full force and effect; and New PREMERA, New PBC and PBC-AK must have received written approval from the BCBSA for New PBC, PBC-AK, and New PREMERA to operate as for-profit business corporations pursuant to this Plan of Conversion and to use of the Blue Cross and Blue Shield names and marks to the same extent as PBC and PREMERA, respectively.

(xvi) *No Proceedings to Restrain.* No temporary restraining order, preliminary or permanent injunction or other order of any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Conversion shall be in effect, and no action shall have been taken or any statute, rule, regulation or order enacted, entered, enforced or deemed applicable to the Plan of Conversion which makes the consummation of the Conversion illegal.

(xvii) *Other Consents.* There shall have been obtained any other consents and approvals of governmental authorities and private parties determined by PREMERA to be necessary or advisable in connection with the closing of the Conversion.

(xviii) *Washington Tax Rulings.* PREMERA shall have obtained one or more tax rulings from the Washington Department of Revenue holding that there shall be no

imposition of the Washington sales, use, business and occupation, or real estate transfer taxes to the transfers of assets pursuant to the Plan of Conversion, which would result in a material tax amount to the parties to the Plan of Conversion.

(b) Closing of Conversion. (i) The closing of the Conversion shall occur on a date to be determined by PREMERA upon fulfillment or waiver of all of the conditions specified in Section 4.3(a) (the "Closing Date"), which shall be in no event later than twelve (12) months following the receipt of all of the approvals set forth in subsections (a)(i)-(a)(iii), (a)(xiv), (a)(xv) and (a)(xvii) of this Section 4.3. Notwithstanding the foregoing, in the event there is any pending litigation related to the Conversion on the Closing Date, the 12-month period set forth above shall be extended by up to two successive three (3) month periods and, in addition, any approval period may be extended at the discretion of the Washington Insurance Commissioner and the Alaska Division of Insurance.

(ii) In order to assist the external consultants retained by the Washington Insurance Commissioner and the Alaska Division of Insurance in preparing bring down opinions in support of their respective reports to the Washington Insurance Commissioner and the Alaska Division of Insurance regarding the Conversion, PREMERA shall certify, pursuant to the form of certificate set forth on Exhibit H hereto, whether any Reportable Change has occurred, and if so, shall specify the nature of any such Reportable Change that has occurred (the "Reportable Change Certification"), in each case, from October 1, 2003, through the Closing Date. PREMERA shall provide the proposed Reportable Change Certification at least thirty (30) days but no more than sixty (60) days prior to the Closing Date, and the certification shall be effective as of the Closing Date. For purposes of this Section 4.3(b), a "Reportable Change" shall mean (A) any material change in the forms of documents appearing as exhibits to the Form A, (B) any material change in PREMERA's current elections or filing positions for federal or state income tax purposes from those reflected in PREMERA's tax returns for 2002, or any imposition of the Washington sales, use, business and occupation, or real estate transfer taxes to the transfers of assets pursuant to the Plan of Conversion that would result in a material tax amount to the parties to the Plan of Conversion, (C) any material change in PREMERA's ability to meet the assurances made by PREMERA to the Washington Insurance Commissioner or the Alaska Division of Insurance, as the case may be, as set forth in Exhibit E-8 herein, (D) (x) for PREMERA on a consolidated basis and for Alaska separately, any decrease in underwriting margin or operating margin, in excess of two (2) percentage points as compared to the companies' projections dated March 21, 2003 or (y) with respect to the combined operations of PREMERA in Alaska and Washington, any decrease in enrollment of more than ten percent (10%) by any insured line of business (individual, small group, large group or FEP, but excluding Healthy Options/BHP) or decrease in total enrollment of more than five percent (5%) compared to actual enrollment, such change as determined by the annual statutory statements filed by health plans with the Washington Insurance Commissioner or the Alaska Division of Insurance; (E) any change in PBC's prior affiliated ratings, any new rating, or the announcement of the placing of any such rating on "watch list", "under review" or "on surveillance" status from A.M. Best, Standard and Poor's Corporation, or any other nationally recognized statistical rating organization with which PBC or its affiliates have contracted, (F) a change of more than fifty (50) percentage points in PBC's Risk-Based Capital position based upon PBC's Risk-Based Capital report filed with the Washington Insurance Commissioner or the Alaska Division of

Insurance for the year ending December 31, 2003 compared to PBC's most recent Risk-Based Capital report on file with the Washington Insurance Commissioner or the Alaska Division of Insurance prior to the Closing Date, (G) any material change in the recommendation of PREMERA's investment banking or financial consultants relating to the Conversion or any recommendations from such new consultants that contradict the previous investment banking or financial consultant recommendations regarding the Conversion, or (H) any new lawsuits or any material adverse change in the accrued liabilities for any lawsuit against PREMERA.

(c) Exhibit G hereto sets forth the transaction steps to be taken to effect the Conversion on or in connection with the Closing Date.

## **ARTICLE V**

### **ADDITIONAL PROVISIONS**

5.1 Amendments. PREMERA may amend, restate and supplement this Plan of Conversion, and upon doing so, will promptly provide copies thereof to the Washington Insurance Commissioner, the Attorney General of the State of Washington, the Alaska Division of Insurance and the Oregon Insurance Division.

5.2 Cancellation. PREMERA, PBC and LifeWise Washington are not obligated to proceed with a Conversion. PREMERA, PBC and LifeWise Washington are concerned that any action approving the Form A by the Washington Insurance Commissioner, the Attorney General of the State of Washington, the Alaska Division of Insurance and the Oregon Insurance Division could contain conditions that might not be acceptable to PREMERA and PBC. Therefore, PREMERA, PBC and LifeWise Washington expressly reserve the right, at any time prior to the closing of the Conversion, to cancel and abandon this Plan of Conversion, and upon doing so, will promptly provide notice thereof to the Washington Insurance Commissioner, the Attorney General of the State of Washington, the Alaska Division of Insurance and the Oregon Insurance Division.

5.3 Public Sale of Common Stock. (a) On the Closing Date, New PREMERA and/or the Foundation Shareholder will offer and sell to the public shares of Common Stock (the "Public Offering"), subject to the terms of the Voting Trust and Divestiture Agreements and Registration Rights Agreement, as applicable.

(b) New PREMERA will select as managing underwriters for the Public Offering investment banking firm or firms of national reputation. The managing underwriters will conduct the Public Offering in a manner generally consistent with customary practices for initial public offerings of a type, size and nature comparable to the Public Offering. An investment banking firm acting on behalf of the Washington Insurance Commissioner and an investment banking firm acting on behalf of the Alaska Division of Insurance (each an "IPO Advisor" and together the "IPO Advisors") will each be given Access to the process and information that leads to the pricing of the Common Stock in the Public Offering, in each case, in a manner substantially consistent with the combined scopes of the engagements set forth in Exhibit I hereto (collectively referred to as the "Engagements"). It is understood that at the conclusion of

the foregoing process, a committee of the Board of Directors of New PREMERA (the “Pricing Committee”) will make the final pricing determination after consultation with, and input from, the IPO Advisors. In addition, the attorneys for the states of Alaska and Washington will be given the same Access to documents as that contemplated in the Engagements in order to review and comment on the information that will be submitted to the SEC, investors or others as part of the Public Offering.

5.4 Plan of Reorganization. It is intended by PREMERA, PBC and LifeWise Washington that the transactions constituting the Conversion will generally occur simultaneously as a part of one or more tax-free reorganizations within the meaning of Sections 351, 355 and 368(a) of the Code. PREMERA, PBC and LifeWise Washington hereby adopt (and upon formation of New PREMERA, New PBC, PBC-AK and New LifeWise Washington, New PREMERA, New PBC, PBC-AK and New LifeWise Washington hereby confirm and ratify) this Plan of Conversion as a plan of reorganization within the meaning of Treas. Reg §§ 1.368-2(g) and 1.368-3(a).

***[Remainder of this page intentionally left blank.]***

**PREMERA**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**Premera Blue Cross**

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**LifeWise Health Plan of Washington**

By: \_\_\_\_\_  
Its: \_\_\_\_\_



## **EXHIBITS**

Exhibit A:	LifeWise Transfer Agreement
Exhibit B:	PREMERA Resolution approving the Plan of Conversion
Exhibit C:	PBC Resolution approving the Plan of Conversion
Exhibit D:	LifeWise Washington Resolution approving the Plan of Conversion
Exhibit E:	Articles of Incorporation of New LifeWise Washington
Exhibit F:	By-Laws of New LifeWise Washington
Exhibit G:	Transaction Steps
Exhibit H:	Form of Closing Certificate
Exhibit I:	IPO Procedures Opinion

## EXHIBIT A

### LIFEWISE/NEW LIFEWISE TRANSFER OF ASSETS AGREEMENT

THIS TRANSFER OF ASSETS AGREEMENT (this “**Agreement**”) is entered into as of [\_\_\_\_], 200[ ] (the “**Closing Date**”) by and between LifeWise Health Plan of Washington, a Washington nonprofit corporation (“**LifeWise**”), and [New LifeWise Health Plan of Washington Corp.], a Washington corporation (“**New LifeWise**”).

### RECITALS

WHEREAS, [New PREMERA Corp.], a Washington corporation (“**New PREMERA**”), became a licensee of the Blue Cross and Blue Shield Association (the “**BCBSA**”) upon consummation of the series of transactions contemplated by the Plan of Conversion (the “**Plan of Conversion**”) of PREMERA, a Washington nonprofit miscellaneous corporation (“**PREMERA**”) and its nonprofit subsidiaries attached as Exhibit A-4 to the Statement Regarding the Acquisition of Control of a Domestic Health Carrier and a Domestic Insurer which was filed by PREMERA on behalf of New PREMERA with the Insurance Commissioner of the State of Washington, the Attorney General of the State of Washington, the Alaska Division of Insurance and the Oregon Insurance Division on September 17, 2002, thereby enabling New PREMERA to use the “Blue Cross” and “Blue Shield” names and related rights;

WHEREAS, the sole member of LifeWise is Washington-Alaska Group Services, Inc., a Washington corporation (“**WAGS**”); the sole shareholder of WAGS is Premera Blue Cross, a Washington nonprofit corporation (“**PBC**”); the sole member of PBC is PREMERA;

WHEREAS, LifeWise, as an indirect subsidiary of PBC and PREMERA, is a part of the Plan of Conversion; and

WHEREAS, the execution and delivery of this Agreement is part of the Plan of Conversion and is pursuant to a plan of reorganization within the meaning of Section 368(a)(1)(F) of the Internal Revenue Code of 1986, as amended (the “**Code**”), pursuant to which LifeWise transfers all of its assets and liabilities to New LifeWise in exchange for all of the stock of New LifeWise, and LifeWise thereafter liquidates, distributing all of the stock of New LifeWise to WAGS, its sole member.

NOW, THEREFORE, in consideration of the premises and the mutual representations and agreements contained herein, LifeWise and New LifeWise hereby agree as follows:

## **AGREEMENT**

### **Section 1. TRANSFER OF ASSETS**

Subject to the terms and conditions of this Agreement, as of the Closing Date, LifeWise shall convey, transfer, assign and deliver to New LifeWise, and New LifeWise shall acquire and accept from LifeWise, without reservation, all of LifeWise's tangible and intangible assets owned, licensed or otherwise used (the "**Assets**"), including:

(a) any and all contracts to which LifeWise is a party at the Closing Date, including without limitation, all customer contracts, provider contracts, licenses, employment agreements, leases, bank and investment contracts, insurance contracts, sponsorship of all employee benefit plans (together, the "**Contracts**") and all rights to enforce any limitations, restrictions and obligations with respect to the Contracts;

(b) any and all equipment, machinery, tools, appliances, vehicles, furniture, fixtures, parts, tangible real or personal property, inventory or supplies and all warranties and guarantees, if any, express or implied, in connection with the foregoing, to the extent assignable;

(c) any and all cash on hand and checks received pending collection as of the Closing Date and all cash equivalents including, without limitation, all bank deposits, investment account deposits, brokerage account deposits, commercial paper, certificates of deposits, and securities, whether or not marketable;

(d) all of its right, title and interest to receive the payment of money or other consideration including, without limitation, (i) all accounts receivable; (ii) all rights to receive payments arising under the Contracts; (iii) chattel paper; (iv) all general intangibles evidencing a right to receive payment; and (v) all documents of title, receipts, draft checks, acceptances and any and all notes or other negotiable and nonnegotiable instruments, documents, bills of exchange, securities, deposits, certificates of deposit, or other writings evidencing or comprising a monetary obligation;

(e) all intangible assets, rights and claims of every kind and nature used, owned or held by it, including without limitation, all trademarks, service marks, patents, patents pending, copyrights, tradenames, all applications for or registrations of any of the foregoing, marketing or proprietary designs, brochures, advertisements, concepts, literature, business information, rights against other persons in respect of any of the foregoing, rights to enforce confidentiality obligations, and any other proprietary properties, including without limitation, its interest in any websites;

(f) an original or a copy of all books, files, records, lists and proprietary information that relate to LifeWise, provided that LifeWise may keep a copy of any information that it is required by law to keep in its possession;

(g) prepaid expenses, prepaid deposits, prepaid insurance premiums and expenses, credits, retainers, and security deposits;

(h) the rights, subject to the obligations accruing for periods from and after the Closing Date, under all leases of LifeWise for real and personal property;

(i) the management information system components and related software and all other software owned or used;

(j) all nondisclosure or confidentiality agreements, together with any warranties made by any employees or former employees and any assignments of intellectual property rights as included in such agreements;

(k) all credits or carryovers with respect to taxes; and

(l) the business of LifeWise as a going concern, including goodwill and all other assets, tangible or intangible, real or personal, owned, used or held by LifeWise.

## **Section 2. ASSUMPTION OF LIABILITIES**

In connection with the conveyance, transfer, delivery and assignment of the Assets, upon execution and delivery of this Agreement, New LifeWise will assume, pay, perform and discharge when due all of the obligations of LifeWise as the same shall exist on the Closing Date, including without limitation, the following (together, the “**Assumed Liabilities**”):

(a) performance obligations under the Contracts and capital and operating leases arising and to be performed on or after the Closing Date;

(b) all obligations with respect to accounts payable and accruals of LifeWise;

(c) any employee benefits or liabilities to or in respect of employees or former employees, including without limitation, salaries, wages, and other compensation due to employees;

(d) any liabilities arising under or in respect of any profit sharing, bonus, pension, welfare, or other employee benefit plan maintained by LifeWise or to which LifeWise contributed;

(e) all obligations in respect of United States taxes, including without limitation, employee withholdings and all such taxes owing in respect of activities and operations prior to and on the Closing Date;

(f) Washington and other state and local tax obligations, including without limitation, all taxes owing in respect of operations for periods prior to or on the Closing

Date, and all unemployment insurance, industrial insurance, premiums, and all other such payments or deposits owing or to be made for periods prior to or on the Closing Date;

(g) any and all contingent or unknown liabilities; and

(h) any other liabilities and obligations associated with the business of LifeWise not expressly set forth.

### **Section 3. EXCHANGE**

In consideration for the Assets, New LifeWise shall issue to LifeWise One Thousand (1,000) shares of its no par value common stock (the “**Common Stock**”), representing 100% of the issued and outstanding shares of Common Stock of New LifeWise, and assume, as of the Closing Date, the Assumed Liabilities set forth in Section 2 above.

### **Section 4. CLOSING DATE**

The transfer provided for herein shall be consummated on the Closing Date at such place and at such time (the “**Effective Time**”) as the parties hereto may agree. All Assets shall be deemed transferred as of the Effective Time and all documents delivered on the Closing Date shall reflect the transfers occurring at the Effective Time.

### **Section 5. MISCELLANEOUS**

**5.1 Further Acts.** Each party hereto agrees that, as requested by the other party after the Closing Date, it will do all such further acts as may be required to effectuate the consolidation contemplated hereby.

**5.2 Governing Law and Jurisdiction.** This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without regard to Washington’s conflict of law or choice of law rules. The parties irrevocably submit to the exclusive jurisdiction of the state and federal courts situated in King County, Washington in any proceeding relating to this Agreement, and agree that any process or summons in any such action may be served by providing to the party a copy thereof in accordance with the notice provisions of this Agreement.

**5.3 Fair Construction.** This Agreement is the product of negotiation and shall be deemed to have been drafted by all of the parties. It shall be construed in accordance with the fair meaning of its terms and its language shall not be strictly construed against, nor shall ambiguities be resolved against, any particular party.

**5.4 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**5.5 Descriptive Headings.** The descriptive headings used herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

**5.6 Severability.** In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, shall be held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be in any way impaired thereby, it being intended that all remaining provisions contained herein shall not be in any way impaired thereby.

*(the remainder of this page intentionally left blank)*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

**LIFEWISE HEALTH PLAN OF WASHINGTON,**  
a Washington nonprofit corporation

\_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

**[NEW LIFEWISE HEALTH PLAN OF WASHINGTON CORP.],**  
a Washington corporation

\_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT B**  
**CONSENT OF MEMBERS**  
**IN LIEU OF SPECIAL MEETING**  
**OF**  
**PREMERA**

[Washington Foundation Shareholder], a Washington nonprofit corporation formed under the Revised Code of Washington (the “RCW”) Chapter 24.03 and [Alaska Health Foundation], an Alaska nonprofit formed under the Alaska Nonprofit Corporation Act (AS 10.20) (the “Act”), (collectively referred to herein as the “Members”), being the sole voting members of PREMERA, a Washington nonprofit miscellaneous corporation formed under RCW Chapter 24.06 (the “Corporation”), takes the following actions without a meeting:

WHEREAS, the Board of Directors of the Corporation believes it to be in the Corporation's best interests that the Corporation adopt the Plan of Conversion of PREMERA, a Washington non-profit miscellaneous corporation, and its wholly owned subsidiaries, Premera Blue Cross, a Washington non-profit corporation and health care service contractor, and LifeWise Health Plan of Washington, a Washington non-profit corporation and health care service contractor, dated as of •, 200\_\_; and

WHEREAS, the transactions provided for in the Plan of Conversion have received all required governmental approvals or reviews; it is hereby

RESOLVED, that the Members hereby adopt the Plan of Conversion; and it is

RESOLVED FURTHER, that the officers of the Corporation, or any one of them, are hereby authorized and directed:

- (a) to execute the Plan of Conversion on behalf of the Corporation;
- (b) to take such actions as they deem necessary and appropriate, with advice of counsel, to implement the Plan of Conversion and the intent of these resolutions; and
- (c) to certify these resolutions to any necessary person, corporation or governmental entity.

Dated this \_\_\_\_ day of \_\_\_\_\_, 200\_.

[WASHINGTON FOUNDATION SHAREHOLDER]



By \_\_\_\_\_  
Its \_\_\_\_\_

[ALASKA HEALTH FOUNDATION]

By \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT C**  
**CONSENT OF MEMBER**  
**IN LIEU OF SPECIAL MEETING**  
**OF**  
**PREMERA BLUE CROSS**

PREMERA, a Washington nonprofit miscellaneous corporation formed under the Revised Code of Washington (the "RCW") Chapter 24.06 (the "Member"), being the sole voting member of Premera Blue Cross, a Washington nonprofit corporation formed under RCW Chapter 24.03 (the "Corporation"), takes the following actions without a meeting:

WHEREAS, the Board of Directors of the Corporation believes it to be in the Corporation's best interests that the Corporation adopt the Plan of Conversion of PREMERA, a Washington non-profit miscellaneous corporation, and its wholly owned subsidiaries, Premera Blue Cross, a Washington non-profit corporation and health care service contractor, and LifeWise Health Plan of Washington, a Washington non-profit corporation and health care service contractor, dated as of •, 200\_\_; and

WHEREAS, the transactions provided for in the Plan of Conversion have received all required governmental approvals or reviews; it is hereby

RESOLVED, that the Member hereby adopts the Plan of Conversion; and it is

RESOLVED FURTHER, that the officers of the Corporation, or any one of them, are hereby authorized and directed:

- (a) to execute the Plan of Conversion on behalf of the Corporation;
- (b) to take such actions as they deem necessary and appropriate, with advice of counsel, to implement the Plan of Conversion and the intent of these resolutions; and
- (c) to certify these resolutions to any necessary person, corporation or governmental entity.

Dated this \_\_\_\_ day of \_\_\_\_\_, 200\_.

PREMERA

By \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT D**  
**CONSENT OF MEMBER**  
**IN LIEU OF SPECIAL MEETING**  
**OF**  
**LIFEWISE HEALTH PLAN OF WASHINGTON**

Washington-Alaska Group Services, Inc., a Washington corporation formed under the Revised Code of Washington (the "RCW") Chapter 23B (the "Member"), being the sole voting member of LifeWise Health Plan of Washington, a Washington nonprofit miscellaneous corporation formed under RCW Chapter 24.06 (the "Corporation"), takes the following actions without a meeting:

WHEREAS, the Board of Directors of the Corporation believes it to be in the Corporation's best interests that the Corporation adopt the Plan of Conversion of the Corporation, which also applies to PREMERA, a Washington non-profit miscellaneous corporation, and its wholly owned subsidiary, Premera Blue Cross, a Washington non-profit corporation and health care service contractor, dated as of •, 200\_\_; and

WHEREAS, the transactions provided for in the Plan of Conversion have received all required governmental approvals or reviews; it is hereby

RESOLVED, that the Member hereby adopts the Plan of Conversion; and it is

RESOLVED FURTHER, that the officers of the Corporation, or any one of them, are hereby authorized and directed:

- (a) to execute the Plan of Conversion on behalf of the Corporation;
- (b) to take such actions as they deem necessary and appropriate, with advice of counsel, to implement the Plan of Conversion and the intent of these resolutions; and
- (c) to certify these resolutions to any necessary person, corporation or governmental entity.

Dated this \_\_\_\_ day of \_\_\_\_\_, 200\_.

WASHINGTON-ALASKA GROUP SERVICES, INC.

By \_\_\_\_\_  
Its \_\_\_\_\_

**EXHIBIT E**  
**ARTICLES OF INCORPORATION**  
**OF**  
**[NEW LIFEWISE HEALTH PLAN OF WASHINGTON CORP.]**

**ARTICLE I**  
**NAME**

The name of this corporation is [New LifeWise Health Plan of Washington Corp.]

**ARTICLE II**  
**CAPITAL STOCK**

(a) **Section 1** The total number of shares of all classes of stock which the corporation shall have authority to issue is One Thousand (1,000) shares of common stock, no par value per share (the “**Common Stock**”).

**Section 2** The shares of stock of this corporation may be issued by this corporation from time to time for such consideration as from time to time may be fixed by the Board of Directors of this corporation; and all issued shares of the capital stock of this corporation shall be deemed fully paid and non-assessable. The Board of Directors may authorize the issuance of some or all of the shares of Common Stock without certificates. Within a reasonable time after the issuance or transfer of shares without certificates, the corporation shall send the shareholders a written statement of the information required on certificates by the Washington Business Corporation Act (the “**Act**”). Said statement shall be informational to the shareholder, and not incontrovertible evidence of stock ownership. The statement shall be signed by original or facsimile signature of two officers of the corporation. Transfer of uncertificated shares of stock may be accomplished by delivery of an assignment in writing or by a written power of attorney to assign and transfer the same on the books of the corporation, signed by the record holder of the shares. Surrender of the written statement shall not be a requirement for transfer of the shares so represented.

**ARTICLE III**  
**DIRECTORS**

**Section 1 General Powers of Board of Directors.** All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the direction of, the Board of Directors, except as otherwise provided by the Articles of Incorporation.

**Section 2      Number.** The number of directors shall be determined in accordance with the Bylaws of the corporation.

#### **ARTICLE IV PREEMPTIVE RIGHTS**

Shareholders of this corporation have no preemptive rights to acquire additional shares of stock or securities convertible into shares of stock issued by the corporation.

#### **ARTICLE V CUMULATIVE VOTING**

Shareholders of this corporation shall not have the right to cumulate votes in the election of directors.

#### **ARTICLE VI LIMITATION OF DIRECTOR LIABILITY**

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for conduct as a director, except for:

- (a) Acts or omissions involving intentional misconduct by the director or a knowing violation of law by the director;
- (b) Conduct violating RCW 23B.08.310; or
- (c) Any transaction from which the director will personally receive a benefit in money, property, or services to which the director is not legally entitled.

If the Act is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Act, as so amended. The provisions of this Article shall be deemed to be a contract with each director and officer of the corporation who serves as such at any time while such provisions are in effect and each director and officer entitled to the benefits hereof shall be deemed to be serving as such in reliance on the provisions of this Article. Any repeal or modification of the foregoing paragraph by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation with respect to any acts or omissions of such director occurring prior to such repeal or modification.

## **ARTICLE VII**

### **INDEMNIFICATION OF DIRECTORS**

**Section 1** The corporation shall indemnify its directors to the full extent permitted by applicable law. The corporation shall advance expenses for such persons pursuant to the terms set forth in the Bylaws, or in a separate directors' resolution or contract.

**Section 2** The Board of Directors may take such action as is necessary to carry out these indemnification and expense advancement provisions. It is expressly empowered to adopt, approve, and amend from time to time such Bylaws, resolutions, contracts, or further indemnification and expense advancement arrangements implementing these provisions as may be permitted by law, including the purchase and maintenance of insurance. Such Bylaws, resolutions, contracts or further arrangements shall include but not be limited to implementing the manner in which determinations as to any indemnity or advancement of expenses shall be made.

**Section 3** No amendment or repeal of this Article shall apply to or have any effect on any right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

## **ARTICLE VIII**

### **TRANSACTIONS IN WHICH DIRECTORS HAVE AN INTEREST**

Any contract or other transaction between this corporation and one or more of its directors, or between this corporation and any corporation, firm, association or other entity of which one or more of its Directors are shareholders, members, directors, officers or employees or in which they are interested, shall be valid for all purposes, notwithstanding the presence of such director or directors at the meeting of the Board of Directors which acts upon or in reference to such contract or transaction and notwithstanding his or their participation in such action, by voting or otherwise even though his or their presence or vote, or both, might have been necessary to obligate this corporation upon such contract or transaction; provided, that the transaction is fair to the corporation at the time it is authorized, approved, or ratified.

## **ARTICLE IX**

### **AMENDMENT**

Unless otherwise provided herein, the provisions of these Articles may be repealed or amended only upon the affirmative vote of the holders of not less than a majority of the outstanding voting shares of this corporation.

## **ARTICLE X**

### **REGISTERED OFFICE AND AGENT**

The street address of the registered office of the corporation is 701 Fifth Avenue, Suite 5000, Seattle, Washington 98104-7078, and the name of the registered agent at such address is PTSGE Corp.

**ARTICLE XI  
INCORPORATOR**

The name and address of the incorporator is:

*[insert name of specified corporate official as incorporator]*

The undersigned incorporator has signed these Articles of Incorporation in duplicate on \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
\_\_\_\_\_  
Incorporator

## **CONSENT TO SERVE AS REGISTERED AGENT**

PTSGE Corp. hereby consents to serve as Registered Agent in the State of Washington for [New LifeWise Health Plan of Washington Corp.], PTSGE Corp. acknowledges that as agent for the corporation, PTSGE Corp. will be responsible for receiving service of process in the name of the corporation; forwarding all mail to the corporation; and immediately notifying the Office of the Secretary of State in the event of PTSGE Corp.'s resignation, or of any changes in the registered office of the corporation for which PTSGE Corp. is agent.

DATED: \_\_\_\_\_, 200\_.

PTSGE CORP.

By \_\_\_\_\_  
Dorothy A. Nelson  
Vice President

Registered address:  
701 Fifth Avenue, Suite 5000  
Seattle, WA 98104-7078



**EXHIBIT F**  
**BYLAWS**  
**OF**  
**[NEW LIFEWISE HEALTH PLAN OF WASHINGTON CORP.]**

**ARTICLE I**  
**SHAREHOLDERS**

**Section 1      Annual Meeting.** An annual meeting of the shareholders for the election of directors and for the transaction of such other business as may properly come before the meeting shall be held each year on the date and at the time determined by the Board of Directors. The failure to hold an annual meeting at the time stated in these Bylaws does not affect the validity of any corporate action.

**Section 2      Special Meetings.** Except as otherwise provided by law, special meetings of shareholders of this corporation shall be held whenever called by the Chair of the Board, a majority of the members of the Board of Directors, the President and Chief Executive Officer or upon the request of one or more shareholders who hold at least twenty five percent (25%) of all the share entitled to vote on any issue proposed to be considered at the special meeting.

**Section 3      Place of Meetings.** Meetings of shareholders shall be held at such place within or without the State of Washington as determined by the Board of Directors, pursuant to proper notice.

**Section 4      Notice.** Notice of each shareholders' meeting stating the date, time, and place and, in case of a special meeting, the purpose(s) for which such meeting is called, shall be given by this corporation not less than ten (10) (unless a greater period of notice is required by law in a particular case) nor more than sixty (60) days prior to the date of the meeting, to each shareholder of record entitled to vote at such meeting unless required by law to send notice to all shareholders (regardless of whether or not such shareholders are entitled to vote), which notice may be given in any manner and by any means permitted under Title 23B of the Revised Code of Washington, the Washington Business Corporation Act, as amended from time to time (the "**Act**").

**Section 5      Waiver of Notice.** A shareholder may waive any notice required to be given by these Bylaws, the Articles of Incorporation or the Act, before or after the meeting that is the subject of such notice. A valid waiver is created by any of the following three methods: (a) in a record, as defined in the Act, from the shareholder entitled to the notice and delivered to the corporation for inclusion in its corporate records; (b) attendance at the meeting, unless the shareholder at the beginning of the meeting objects to holding the meeting or transacting business at the meeting; or (c) as to the consideration of a particular matter that is not within the purpose or purposes described in the meeting notice, the shareholders' failure to object at the time of presentation of such matter for consideration.

**Section 6 Quorum of Shareholders.** At any meeting of the shareholders, holders of a majority of the votes of all the shares entitled to vote on a matter, represented by shareholders of record in person or by proxy, shall constitute a quorum. Once a share is represented at a meeting, other than to object to holding the meeting or transacting business, it is deemed to be present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for the adjourned meeting. At such reconvened meeting, any business may be transacted that might have been transacted at the meeting as originally noticed. If a quorum exists, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the question is one upon which by express provision of law or of the Articles of Incorporation a different vote is required.

**Section 7 Proxies.** Shareholders of record may vote at any meeting either in person or by proxy executed in any manner permitted under the Act. A proxy is effective when received by the person authorized to tabulate votes for this corporation. A proxy is valid for eleven (11) months unless a longer period is expressly provided in the proxy.

**Section 8 Voting.** Subject to the provisions of the laws of the State of Washington, and unless otherwise provided in the Articles of Incorporation, each outstanding share is entitled to one (1) vote on each matter voted on at a shareholders' meeting, with all shares voting together as a single class.

**Section 9 Adjournment.** A majority of the shares represented at the meeting, even if less than a quorum, may adjourn any meeting of the shareholders from time to time. At a reconvened meeting at which a quorum is present, any business may be transacted at the meeting as originally noticed. If a meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time, or place if a new date, time, or place is announced at the meeting before adjournment; however, if a new record date for the adjourned meeting is or must be fixed in accordance with the corporate laws of the State of Washington, notice of the adjourned meeting must be given to persons who are shareholders as of the new record date.

**Section 10 Action by Shareholders Without a Meeting.** Any action which could be taken at a meeting of shareholders may be taken without a meeting if a written consent setting forth the action so taken is signed by all the shareholders. Any such written consent shall be inserted in the minute book as if it were the minutes of a meeting of the shareholders.

**Section 11 Shareholder Participation by Means of Communication Equipment.** Shareholders may participate in any meeting of shareholders called pursuant to the provisions of the Articles of Incorporation and these Bylaws by any means of communication by which all persons participating in the meeting can hear each other during the meeting. A shareholder participating in a meeting by this means is deemed to be present in person at the meeting.

## **ARTICLE II BOARD OF DIRECTORS**

**Section 1 Powers of Directors.** All corporate powers shall be exercised by or under the authority of, and the business and affairs of the corporation shall be managed under the

direction of, the Board of Directors, except as otherwise provided by the Articles of Incorporation.

**Section 2      Number.** The initial Board of Directors shall consist of [\_\_\_\_] (\_\_) directors. Thereafter, the Board of Directors shall consist of such number of directors as may be determined in accordance with the Articles of Incorporation, provided that such number shall be no fewer than three (3) and no more than fifteen (15). Directors need not be shareholders of this corporation or residents of the State of Washington, but must have reached the age of majority. Unless otherwise provided in these Bylaws, the number of directors may at any time be increased or decreased within such range by the shareholders or by the Board of Directors at any regular or special meeting.

**Section 3      Initial Directors.** The initial directors shall be as follows:

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**Section 4      Regular Meetings.** Regular meetings of the Board of Directors shall be held at such places, and at such times as the Board by vote may determine, and, if so determined, no notice thereof need be given.

**Section 5      Special Meetings.** Special meetings of the Board of Directors may be held at any time, whenever called by the Chair of the Board, or in his absence the President and Chief Executive Officer. In addition, on the written request of three (3) directors, the Chair of the Board, or in his or her absence the President and Chief Executive Officer, on such directors' behalf, shall call a special meeting of the Board of Directors.

**Section 6      Notice.** No notice is required for regular meetings of the Board of Directors. Notice of special meetings of the Board of Directors, stating the date, time, and place thereof, shall be given at least two (2) days prior to the date of the meeting. The purpose of the meeting need not be given in the notice. Notice may be communicated by any means permitted by the Act, and is effective when specified in the Act.

**Section 7      Waiver of Notice.** A director may waive notice of a special meeting of the Board of Directors either before or after the meeting, and such waiver shall be deemed to be the equivalent of giving notice. Attendance of a director at a meeting shall constitute waiver of notice of that meeting unless said director, at the beginning of the meeting, or promptly upon such director's arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting. Any waiver by a non-

attending director must be in a record, as defined in the Act, from the director entitled to the notice and delivered to the corporation for inclusion in its corporate records.

**Section 8 Quorum of Directors.** A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business. When a quorum is present at any meeting, a majority of the members present thereat shall decide any question brought before such meeting, except as otherwise provided by the Articles of Incorporation or by these Bylaws.

**Section 9 Adjournment.** A majority of the directors present, even if less than a quorum, may adjourn a meeting and continue it to a later time. Notice of the adjourned meeting or of the business to be transacted thereat, other than by announcement, shall not be necessary. At any adjourned meeting at which a quorum is present, any business may be transacted which could have been transacted at the meeting as originally called.

**Section 10 Resignation.** Any director of this corporation may resign at any time by giving written notice to the Board of Directors, its Chair, or the Chief Executive Officer and President or Secretary of this corporation. Any such resignation is effective when the notice is delivered, unless the notice specifies a later effective date.

**Section 11 Removal.** A director, any class of directors, or the entire Board of Directors may be removed:

(a) at any special meeting of the Board of Directors called for such purpose upon the affirmative vote of a majority of the directors of the corporation entitled to vote, subject to the approval of the sole shareholder as provided in the Articles of Incorporation, (1) if declared mentally incompetent by order of a court of competent jurisdiction, (2) if convicted of a felony or (3) for any other proper cause.

(b) by the affirmative vote of not less than two-thirds of the total number of shares entitled to vote at any special meeting of shareholders called for such purpose.

**Section 12 Vacancies.** Unless otherwise provided by law, vacancies in the Board of Directors shall be filled by a majority of the directors then in office, though less than a quorum, or by action of the shareholders.

**Section 13 Presumption of Assent.** A director of this corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless:

(a) The director objects at the beginning of the meeting, or promptly upon the director's arrival, to holding it or transacting business at the meeting;

(b) The director's dissent or abstention from the action taken is entered in the minutes of the meeting; or

(c) The director delivers written notice of dissent or abstention to the presiding officer of the meeting before its adjournment or to the corporation within a reasonable time after adjournment.

The right of dissent or abstention is not available to a director who votes in favor of the action taken.

**Section 14 Conference Telephone.** Meetings of the Board of Directors may be effectuated by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other during the meeting. Participation by such means shall constitute presence in person at such meeting.

**Section 15 Action by Board of Directors Without a Meeting.** Any action that could be taken at a meeting of the Board of Directors may be taken without a meeting if a written consent setting forth the action so taken is signed by each of the directors entitled to vote with respect to the matter considered for action. Such written consents may be signed in two or more counterparts, each of which shall be deemed an original and all of which, taken together, shall constitute one and the same document. Any such written consent shall be inserted in the minute book as if it were the minutes of a Board of Directors meeting. For purposes of clarification, an email transmission attributable to the sending director shall be considered sufficient as a written consent.

### **ARTICLE III COMMITTEES OF THE BOARD OF DIRECTORS**

**Section 1 Committees.** A majority of the Board of Directors then serving may establish one or more committees and designate two or more Directors who shall serve on such committee or committees. The committee or committees shall have such powers and shall perform such duties as may be set forth in these Bylaws or as may be delegated and assigned to it by the Board of Directors, subject to the limitation on the authority of committees contained in these Bylaws or under applicable law.

**Section 2 Executive Committee.** The Board of Directors may establish an Executive Committee, the members of which shall include the Chair of the Board and President and Chief Executive Officer. The Executive Committee of the Board of Directors, during the intervals between meetings of the Board of Directors, shall possess and may exercise the power and authority of the Board of Directors in the management of the business and affairs of the corporation and may transact such business of the corporation as may be required between meetings of the Board of Directors and as may, from time to time, be requested by the Board of Directors, subject to the limitation on the authority of committees contained in these Bylaws or under applicable law. All action by the Executive Committee shall be reported to the Board of Directors at the next meeting following the action and the Board of Directors may ratify or may revise or alter such action, provided that no rights or acts of third parties shall be affected by any such revision or alteration.

**Section 3 Investment Committee.** The Board of Directors may establish an Investment Committee, which shall consist of two or more Directors. The Investment Committee shall have the authority to review and approve: (a) policies related to the nature and scope of authorized investments; (b) policies and procedures related to the control and management of authorized investments; and (c) all investment transactions consistent with policies approved by the Board of Directors. The Investment Committee shall review management's report of all investment transactions for regulatory compliance and conformity with the applicable policies and procedures approved either (1) directly by the Board of Directors, or (2) by the Investment Committee and ratified by the Board of Directors.

#### **Section 4 Meetings and Quorum.**

(a) A majority of the Directors appointed to any standing committee shall be present at each meeting of any committee to constitute a quorum for the transaction of business. When a quorum is present at any meeting, a majority of the members of the Committee present shall decide any question brought before such meeting, except as otherwise provided by the corporation's Articles of Incorporation or by these Bylaws.

(b) The Chair of the Board of Directors shall serve as the chairperson of each standing committee of the Board of Directors.

(c) Each of the standing committees shall hold meetings at such times as the chairperson of each committee may deem necessary. The date, time and location of committee meetings shall be determined by the chairperson and designated in any notice of the meeting. Each standing committee shall keep regular minutes of its proceedings and, when required by the Board of Directors, shall report such proceedings to the Board of Directors.

(d) The provisions of Article II of these Bylaws that apply to meetings of the Board of Directors, to the extent not inconsistent with this Article III, shall also apply to meetings of the committees.

### **ARTICLE IV OFFICERS AND CHAIR OF THE BOARD**

**Section 1 Positions.** The officers of this corporation shall be a Chief Executive Officer, President, one or more Vice Presidents, a Chief Financial Officer, a Secretary and a Treasurer, as appointed by the Board. Any two or more offices may be held by the same person, except the offices of President and Secretary. In addition, the Board of Directors may choose such other officers and assistant officers to perform such duties as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the corporation the power to choose such other officers and assistant officers and to prescribe their respective duties and powers.

**Section 2 Appointment and Term of Office.** The officers of the corporation shall be elected each year by the Board of Directors at the annual meeting of the Board of Directors or, between annual meetings of the Board of Directors, by the Board of Directors or by the

President and Chief Executive Officer as provided in Section 5 of this Article. Unless an officer dies, resigns, or is removed from office, he or she shall hold office until his or her successor is elected.

**Section 3      Resignation.** Any officer may resign at any time by delivering written notice to the President and Chief Executive Officer, the Secretary, or the Board of Directors, or by giving oral or written notice at any meeting of the Board of Directors. Any such resignation shall take effect at the time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 4      Removal.** Any officer or agent may be removed from office by the Board of Directors or by the President and Chief Executive Officer whenever in its or his or her judgment the best interests of the corporation would be served thereby. The Chair of the Board may be removed only by the Board. The removal of any officer or the Chair of the Board shall be without prejudice to the contract rights, if any, of the person so removed.

**Section 5      Vacancies.** A vacancy in any office created by the death, resignation, removal, disqualification, creation of a new office or any other cause, may be filled by the Board of Directors or by the President and Chief Executive Officer for the unexpired portion of the term or for a new term established by the Board of Directors or by the President and Chief Executive Officer. Any vacancy in the office of Chair of the Board shall be filled by the Board. If a vacancy in an office of Senior Vice President or above is filled by the President and Chief Executive Officer, he or she shall report such appointment to the Board of Directors at its next regular meeting.

**Section 6      Powers and Duties.** If the Board of Directors appoints persons to fill the following positions, such individual shall have the powers and duties set forth below:

(a)      President & Chief Executive Officer. The President and Chief Executive Officer shall be the chief executive officer and, subject to the oversight by the Board of Directors, shall manage the assets, business, and affairs of the Corporation. The President and Chief Executive Officer may sign deeds, mortgages, bonds, contracts, or other instruments, except when the signing and execution thereof have been expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or are required by law to be otherwise signed or executed by some other officer or in some other manner. In general, the President and Chief Executive Officer shall perform all duties incident to the office of President and Chief Executive Officer and such other duties as are assigned to him or her by the Board of Directors from time to time.

(b)      Secretary. The Secretary shall: (a) keep the minutes of the meetings of the shareholders, the Board of Directors and minutes which may be maintained by committees of the Board of Directors; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records of the corporation; (d) keep records of the post office address and class, if applicable, of each member and Director and of the name and post office address of each officer; (e) sign with the President

and Chief Executive Officer, or other officer authorized by the President and Chief Executive Officer or the Board of Directors, share certificates, deeds, mortgages, bonds, contracts, or other instruments; (f) authenticate records of the corporation; (g) have general charge of the stock transfer books of the corporation; (h) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President and Chief Executive Officer or the Board of Directors. In the Secretary's absence, an Assistant Secretary shall perform the Secretary's duties.

(c) Treasurer. If requested by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such amount and with such surety or sureties as the Board of Directors may determine. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in banks, trust companies or other depositories selected in accordance with the provisions of these Bylaws; and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President and Chief Executive Officer or the Board of Directors.

## **ARTICLE V**

### **INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS**

#### **Section 1. Definitions.** As used in this Article:

(a) "Agent" means an individual who is or was an agent of the corporation, including a physician consultant or a member of a committee or panel of the corporation including, but not limited to, a medical advisory committee or panel, or an individual who, while an agent of the corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. "Agent" includes, unless the context requires otherwise, the spouse, heirs, estate and personal representative of an agent.

(b) "Director" means an individual who is or was a director of the corporation or an individual who, while a director of the corporation, is or was serving at the corporation's request as a director officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise. "Director" includes, unless the context requires otherwise, the spouse, heirs, estate and personal representative of a director.

(c) "Employee" means an individual who is or was an employee of the corporation or an individual, while an employee of the corporation, is or was serving at the corporation's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise- "Employee" includes, unless the context requires otherwise, the spouse, heirs, estate and personal representative of an employee.

(d) "Indemnitee" means an individual made a party to a Proceeding because



the individual is or was a Director, Officer, Employee or Agent, and who possesses indemnification rights pursuant to these Articles or other corporate action. “Indemnatee” includes, unless the context requires otherwise, the spouse, heirs, estate, and personal representative of such individuals.

(e) “Liability” means the obligation to pay a judgment, settlement, penalty, fine, including an excise tax with respect to an employee benefit plan, or reasonable expenses, including attorneys’ fees, incurred with respect to a Proceeding.

(f) “Officer” means an individual who is or was an officer of the corporation (regardless of whether or not such individual was also a Director) or an individual who, while an officer of the corporation, is or was serving at the corporation’s request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise. “Officer” includes, unless the context requires otherwise, the spouse, heirs, estate and personal representative of an officer.

(g) “Party” includes an individual who was, is, or is threatened to be named a defendant, respondent or witness in a Proceeding.

(h) “Proceeding” means any threatened, pending, or completed action, suit, or proceeding, whether civil, derivative, criminal, administrative, or investigative, and whether formal or informal.

**Section 2 Indemnification Rights of Directors and Officers.** The corporation shall indemnify its Directors and Officers to the full extent not prohibited by applicable law now or hereafter in force against any Liability arising out of a Proceeding to which such individual was made a Party because the individual is or was a Director or an Officer. Subject to the foregoing, it is specifically intended that Proceedings covered by indemnification shall include Proceedings brought by the corporation (including derivative actions), Proceedings by government entities and governmental officials or other third party actions.

**Section 3 Indemnification of Employees and Agents of the Corporation.** The corporation may, by action of its Board of Directors from time to time, provide indemnification and pay expenses in advance of the final disposition of a Proceeding to Employees or Agents of the corporation who are not also Directors, in each case to the same extent as to a Director with respect to the indemnification and advancement of expenses pursuant to rights granted under, or provided by, the Act or otherwise.

**Section 4 Partial Indemnification.** If an Indemnatee is entitled to indemnification by the corporation for some or a portion of any Liabilities incurred by Indemnatee in any Proceeding but not, however, for the total amount thereof, the corporation shall nevertheless indemnify Indemnatee for the portion of such Liabilities to which Indemnatee is entitled.

**Section 5 Procedure for Seeking Indemnification and/or Advancement of expenses.** The following procedures shall apply in the absence of (or at the option of the Indemnatee, in lieu thereof), specific procedures otherwise applicable to an Indemnatee pursuant

to a contract, trust agreement, or general or specific action of the Board of Directors:

(a) Notification and Defense of Claim. Indemnatee shall promptly notify the corporation in writing of any Proceeding for which indemnification could be sought under this Article. In addition, Indemnatee shall give the corporation such information and cooperation as it may reasonably require and as shall be within Indemnatee's power. With respect to any such Proceeding as to which Indemnatee has notified the corporation: (i) the corporation will be entitled to participate therein at its own expense; and (ii) except as otherwise provided below, to the extent that it may wish, the corporation, jointly with any other indemnifying party similarly notified, will be entitled to assume the defense thereof, with counsel satisfactory to Indemnatee. Indemnatee's consent to such counsel may not be unreasonably withheld.

After notice from the corporation to Indemnatee of its election to assume the defense, the corporation will not be liable to Indemnatee under this Article for any legal or other expenses subsequently incurred by Indemnatee in connection with such defense. However, Indemnatee shall continue to have the right to employ its counsel in such Proceeding, at Indemnatee's expense; and if:

- (i) The employment of counsel by Indemnatee has been authorized by the corporation;
- (ii) Indemnatee shall have reasonably concluded that there may be a conflict of interest between the corporation and Indemnatee in the conduct of such defense; or
- (iii) The corporation shall not in fact have employed counsel to assume the defense of such Proceeding,

the fees and expenses of Indemnatee's counsel shall be at the expense of the corporation.

The corporation shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the corporation or as to which Indemnatee shall reasonably have made the conclusion that a conflict of interest may exist between the corporation and the Indemnatee in the conduct of the defense.

(b) Information to be Submitted and Method of Determination and Authorization of Indemnification. For the purpose of pursuing rights to indemnification under this Article, the Indemnitee shall submit to the Board a sworn statement requesting indemnification and reasonable evidence of all amounts for which such indemnification is requested (together, the sworn statement and the evidence constitute an “**Indemnification Statement**”).

Submission of an Indemnification Statement to the Board shall create a presumption that the Indemnitee is entitled to indemnification hereunder, and the corporation shall, within sixty (60) calendar days thereafter, make the payments requested in the Indemnification Statement to or for the benefit of the Indemnitee, unless: (1) within such sixty (60) calendar day period it shall be determined by the corporation that the Indemnitee is not entitled to indemnification under this Article; (2) such determination shall be based upon clear and convincing evidence (sufficient to rebut the foregoing presumption); and (3) the Indemnitee shall receive notice in writing of such determination, which notice shall disclose with particularity the evidence upon which the determination is based.

The foregoing determination may be made: (1) by the Board of Directors by majority vote of a quorum of Directors who are not at the time parties to the Proceedings; (2) if a quorum cannot be obtained, by majority vote of a committee duly designated by the Board of Directors (in which designation Directors who are parties may participate) consisting solely of two (2) or more Directors not at the time parties to the Proceeding; (3) by special legal counsel; or (4) by the shareholders as provided by Section 23B.08.550 of the Act.

Any determination that the Indemnitee is not entitled to indemnification, and any failure to make the payments requested in the Indemnification Statement, shall be subject to judicial review by any court of competent jurisdiction.

(c) Special Procedure Regarding Advance for Expenses. An Indemnitee seeking payment of expenses in advance of a final disposition of the Proceeding must furnish the corporation, as part of the Indemnification Statement:

(1) A written affirmation of the Indemnitee’s good faith belief that the Indemnitee has met the standard of conduct required to be eligible for indemnification; and

(2) A written undertaking, constituting an unlimited general obligation of the Indemnitee, to repay the advance if it is ultimately determined that the Indemnitee did not meet the required standard of conduct.

Upon satisfaction of the foregoing the Indemnitee shall have a contractual right to the payment of such expenses.

(d) Settlement. The corporation is not liable to indemnify Indemnatee for any amounts paid in settlement of any Proceeding without the corporation's written consent. The corporation shall not settle any Proceeding in any manner which would impose any penalty or limitation on Indemnatee without Indemnatee's written consent. Neither the corporation nor Indemnatee may unreasonably withhold its consent to a proposed settlement.

## **Section 6      Contract and Related Rights.**

(a) Contract Rights. The right of an Indemnatee to indemnification and advancement of expenses is a contract right upon which the Indemnatee shall be presumed to have relied in determining to serve or to continue to serve in his or her capacity with the corporation. Such right shall continue as long as the Indemnatee shall be subject to any possible Proceeding. Any amendment to or repeal of this Article shall not adversely affect any right or protection of an Indemnified Party with respect to any acts or omissions of such Indemnified Party occurring prior to such amendment or repeal.

(b) Optional Insurance, Contracts, and Funding. The corporation may:

(1) Maintain insurance, at its expense, to protect itself and any Indemnatee against any liability, whether or not the corporation would have power to indemnify the Indemnified Party against the same liability under Sections 23B.08.510 or .520 of the Act, or a successor section or statute;

(2) Enter into contracts with any Indemnified Party in furtherance of this Article and consistent with the Act; and

(3) Create a trust fund, grant a security interest, or use other means (including without limitation a letter of credit) to ensure the payment of such amounts as may be necessary to effect indemnification as provided in this Article.

(c) Right of Indemnatee to Bring Suit. If (1) a claim under this Article for indemnification is not paid in full by the corporation within sixty (60) days after an Indemnification Statement has been received by the corporation; or (2) a claim under this Article for advancement of expenses is not paid in full by the corporation within twenty (20) days after an Indemnification Statement has been received by the corporation, then the Indemnatee may, but need not, at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. To the extent successful in whole or in part, the Indemnatee shall be entitled to also be paid the expense (to be proportionately prorated if the Indemnatee is only partially successful) of prosecuting such claim. The Indemnatee shall be presumed to be entitled to indemnification hereunder upon submission of a proper Indemnification Statement and thereafter the corporation shall have the burden of proof to overcome the presumption that the Indemnatee is so entitled. Neither (1) the failure of the corporation (including its Board of Directors, its shareholders, or independent legal counsel) to have made a determination prior to the commencement of such Proceeding that indemnification or reimbursement or advancement of expenses to the Indemnatee is proper in the circumstances; nor (2) an actual determination by the corporation (including its Board of Directors, its shareholders, or independent legal counsel) that the Indemnatee is not

entitled to indemnification or to the reimbursement or advancement of expenses, shall be a defense to the Proceeding or create a presumption that the Indemnatee is not so entitled.

(d) Nonexclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a Proceeding in advance of its final disposition granted in this Article shall not be exclusive of any other right which any Indemnatee may have or hereafter acquire under any statute, provision of this Article or the Bylaws, agreement, vote of shareholders or disinterested directors, or otherwise. The corporation shall have the express right to grant additional indemnity without seeking further approval or satisfaction by the shareholders. All applicable indemnity provisions and any applicable law shall be interpreted and applied so as to provide an Indemnatee with the broadest but nonduplicative indemnity to which he or she is entitled.

**Section 7 Contribution.** If the indemnification provided in Section 2 of this Article is not available to be paid to Indemnatee for any reason other than such indemnification is prohibited by the Act (for example, because indemnification is held to be against public policy even though otherwise permitted under Section 2) then in respect of any Proceeding in which the corporation is jointly liable with Indemnatee (or would be if joined in such Proceeding), the corporation shall contribute to the amount of loss paid or payable by Indemnatee in such proportion as is appropriate to reflect:

(a) The relative benefits received by the corporation on the one hand and the Indemnatee on the other hand from the transaction from which such Proceeding arose, and

(b) The relative fault of the corporation on the one hand and the Indemnatee on the other hand in connection with the events which resulted in such loss, as well as any other relevant equitable consideration.

The relative benefits received by and fault of the corporation on the one hand and the Indemnatee on the other shall be determined by a court of appropriate jurisdiction (which may be the same court in which the Proceeding took place) with reference to, among other things, the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent the circumstances resulting in such loss. The corporation agrees that it would not be just and equitable if a contribution pursuant to this Article was determined by pro rata allocation or any other method of allocation which does not take account of the foregoing equitable considerations.

**Section 8 Exceptions.** Any other provision herein to the contrary notwithstanding, the corporation shall not be obligated pursuant to the terms of these Articles to indemnify or advance expenses to Indemnatee with respect to any of the following:

(a) Claims Initiated by Indemnatee. Claims initiated or brought voluntarily by Indemnatee and not by way of defense, but such indemnification or advancement of expenses may be provided by the corporation in specific cases if the Board of Directors finds it to be

appropriate. Notwithstanding the foregoing, the corporation shall provide indemnification, including the advancement of expenses, with respect to Proceedings brought to establish or enforce a right to indemnification under these Articles or any other statute or law.

(b) Lack of Good Faith. Claims instituted by Indemnitee to enforce or interpret this Article, if a court of competent jurisdiction determines that each of the material assertions made by Indemnitee in such Proceeding was not made in good faith or was frivolous.

(c) Insured Claims. Claims for which any of the Liabilities for indemnification is being sought have been paid directly to Indemnitee by an insurance carrier under a policy of officers' and directors' liability insurance maintained by the corporation.

(d) Prohibited by Law. If the corporation is prohibited by the Act or other applicable law as then in effect from paying such indemnification and/or advancement of expenses. For example, the corporation and Indemnitee acknowledge that the Securities and Exchange Commission ("SEC") has taken the position that indemnification is not possible for liabilities arising under certain federal securities laws. Indemnitee understands and acknowledges that the corporation has undertaken or may be required in the future to undertake with the SEC to submit the question of indemnification to a court in certain circumstances for a determination of the corporation's right to indemnify Indemnitee.

**Section 9 Successors and Assigns.** All obligations of the corporation to indemnify any Director or Officer shall be binding upon all successors and assigns of the corporation (including any transferee of all or substantially all of its assets and any successor by merger or otherwise by operation of law). The corporation shall not effect any sale of substantially all of its assets, merger, consolidation, or other reorganization, in which it is not the surviving entity, unless the surviving entity agrees in writing to assume all such obligations of the corporation.

## **ARTICLE VI**

### **BOOKS AND RECORDS; ADMINISTRATIVE PROVISIONS**

**Section 1 Books of Accounts, Minutes, and Share Register.** This corporation:

(a) Shall keep as permanent records minutes of all meetings of its shareholders and Board of Directors, a record of all actions taken by the shareholders or Board of Directors without a meeting, and a record of all actions taken by a committee of the Board of Directors exercising the authority of the Board of Directors on behalf of this corporation;

(b) Shall maintain appropriate accounting records;

(c) Or its agent shall maintain a record of its shareholders, in a form that permits preparation of a list of the names and addresses, and electronic addresses for those shareholders who have consented to receipt of electronic notice pursuant to the Act, of all shareholders, in alphabetical order by class of shares showing the number and class of shares held by each; and

(d) Shall keep a copy of the following records at its principal office:

(1) The Articles or Restated Articles of Incorporation and all amendments to them currently in effect;

(2) The Bylaws or Restated Bylaws and all amendments to them currently in effect;

(3) The minutes of all shareholders' meetings, and records of all actions taken by shareholders without a meeting, for the past three (3) years;

(4) Its financial statements for a minimum of the past three (3) years, including balance sheets showing in reasonable detail the financial condition of this corporation as of the close of each fiscal year, and an income statement showing the results of its operations during each fiscal year prepared on the basis of generally accepted accounting principles or, if not, prepared on a basis explained therein;

(5) All written and electronic communications to shareholders generally within the past three (3) years;

(6) A list of the names and business addresses of its current directors and officers; and

(7) Its most recent annual report delivered to the Secretary of State of Washington.

**Section 2 Copies of Resolutions.** Any person dealing with this corporation may rely upon a copy of any of the records of the proceedings, resolutions, or votes of the Board of Directors or shareholders, when certified by the President or Secretary.

**Section 3 Accounting Year.** The accounting year of the corporation shall be the twelve months ending December 31.

**Section 4 Rules of Procedure.** The rules of procedure at meetings of the Board of Directors and committees of the Board of Directors shall be rules contained in Roberts' Rules of Order on Parliamentary Procedure, newly revised, so far as applicable and when not inconsistent with these Bylaws, the Articles of Incorporation or any resolution of the Board of Directors.

## **ARTICLE VII AMENDMENT OF BYLAWS**

**Section 1 By the Shareholders.** These Bylaws may be amended or repealed at any regular or special meeting by not less than a majority of the shares entitled to vote thereon if notice of the proposed amendment is contained in the notice of the meeting.

**Section 2 By the Board of Directors.** These Bylaws may be amended or repealed, in whole or in part, by the vote of a majority of the whole Board of Directors of any meeting of the Board of Directors. Notwithstanding the foregoing, the director may not amend the provisions fixing their qualifications, classifications, or term of office, in each case without the prior approval of the shareholders.

### **CERTIFICATE OF ADOPTION**

The undersigned Secretary of [New LifeWise Health Plan of Washington Corp.] does hereby certify that the above and foregoing Bylaws of said corporation were adopted by the directors as the Bylaws of said corporation.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_.

\_\_\_\_\_  
\_\_\_\_\_, Secretary



**EXHIBIT G**  
**TRANSACTION STEPS**

At the closing of the conversion, the subsequent steps will take place in the following order:

- Step 1. The members of PREMERA shall approve the Articles of Amendment of the Articles of Incorporation of PREMERA, substantially in the form attached to the Form A as Exhibit A-2, which provide that the Washington Foundation Shareholder and Alaska Health Foundation will become the sole members of PREMERA.
- Step 2. PBC forms New LifeWise Washington and appoints its initial Board of Directors. The Board of Directors of New LifeWise Washington shall approve and authorize the issuance to LifeWise Washington of all of New LifeWise Washington's outstanding common stock in exchange for all of the assets and liabilities of LifeWise Washington pursuant to the LifeWise Transfer Agreement, and the consummation by New LifeWise Washington of the other transactions as contemplated herein.
- Step 3. LifeWise Washington and New LifeWise Washington shall execute and deliver to each other the LifeWise Transfer Agreement.
- Step 4. New LifeWise Washington shall issue to LifeWise Washington 100% of its outstanding capital stock and shall issue a stock certificate to LifeWise Washington evidencing such shares in exchange for all of the assets and liabilities of LifeWise Washington.
- Step 5. LifeWise Washington shall perform a statutory liquidation and contribute its remaining asset, the New LifeWise Washington stock, to WAGS. Such contribution shall be evidenced by the LifeWise Washington's endorsement for transfer and delivery to WAGS of the New LifeWise Washington stock certificate delivered to LifeWise Washington pursuant to Step 4 above.
- Step 6. The Board of Directors of PBC-AK shall approve and authorize the execution, delivery and performance by PBC-AK of the Management Agreement and any other Plan of Conversion Document to which PBC-AK is a party, the issuance to PBC of all of PBC-AK's outstanding common stock in exchange for PBC's assets and liabilities directly related to its operations in Alaska pursuant to the Alaska Transfer Agreement, and the consummation by PBC-AK of the other transactions as contemplated herein.
- Step 7. PBC and PBC-AK shall execute and deliver to each other the Alaska Transfer Agreement. The Board of Directors of PBC-AK shall approve and authorize the execution, delivery and performance by PBC-AK of the Blue Cross and Blue Shield Licensing Agreement.
- Step 8. PBC-AK shall issue to PBC 100% of its outstanding capital stock and shall issue a stock certificate to PBC evidencing such shares in exchange for certain of PBC assets and liabilities directly related to its operations in Alaska.

- Step 9. PBC forms New PBC and appoints its initial Board of Directors. The Board of Directors of New PBC shall approve and authorize the execution, delivery and performance by New PBC of the Management Agreement and any other Plan of Conversion Document to which New PBC is a party, the issuance to PBC of all of New PBC's outstanding common stock in exchange for all of the assets and liabilities of PBC, including its stock of PBC-AK, pursuant to the PBC Transfer Agreement, and the consummation by New PBC of the other transactions as contemplated herein. The Board of Directors of New PBC shall approve and authorize the execution, delivery and performance by New PBC of the Blue Cross and Blue Shield Licensing Agreement.
- Step 10. PBC and New PBC shall execute and deliver to each other the PBC Transfer Agreement. PBC enters into the Transfer, Grant and Loan Agreement.
- Step 11. New PBC shall issue to PBC 100% of its outstanding capital stock and shall issue a stock certificate to PBC evidencing such shares in exchange for all of the assets and liabilities of PBC including the PBC-AK stock.
- Step 12. PBC shall perform a statutory liquidation and contribute its remaining assets, the New PBC stock, to PREMIER. Such contribution shall be evidenced by PBC's endorsement for transfer and delivery to PREMIER of the New PBC stock certificate delivered to PBC pursuant to Step 11 above.
- Step 13. New PBC shall execute and deliver to PBC-AK the Management Agreement.
- Step 14. New PBC shall distribute to PREMIER 100% of the outstanding stock of PBC-AK and such distribution shall be evidenced by New PBC's endorsement for transfer and delivery to PREMIER of the PBC-AK stock certificate received by New PBC pursuant to Step 11 above.
- Step 15. PREMIER forms New PREMIER and appoints its initial Board of Directors. The Board of Directors of New PREMIER shall approve and authorize the execution, delivery and performance by New PREMIER of the Blue Cross and Blue Shield Licensing Agreement, the Transfer, Grant and Loan Agreement, the Escrow Agreement, the License Agreement, the cost allocation and tax sharing agreements described in the Form D, the Voting Trust Agreements, the Registration Rights Agreement and any other Plan of Conversion Document to which New PREMIER is a party, the issuance to PREMIER of all of New PREMIER's outstanding common stock in exchange for all of the assets and liabilities of PREMIER pursuant to the PREMIER Transfer Agreement, and the consummation by New PREMIER of the other transactions as contemplated herein.
- Step 16. PREMIER and New PREMIER shall execute and deliver to each other the PREMIER Transfer Agreement.

- Step 17. New PREMERA shall issue to PREMERA 100% of its outstanding capital stock and shall issue a stock certificate to PREMERA evidencing such shares in exchange for all of the assets and liabilities of PREMERA.
- Step 18. PREMERA, New PREMERA, the Washington Foundation Shareholder, and Alaska Health Foundation shall execute and deliver to each other the Transfer, Grant and Loan Agreement.
- Step 19. PREMERA shall perform a statutory liquidation and contribute its remaining asset, the New PREMERA stock, to PREMERA. Such contribution shall be evidenced by PREMERA's endorsement for transfer and delivery to the Washington Foundation Shareholder and Alaska Health Foundation of the New PREMERA stock certificate delivered to PREMERA pursuant to Step 17 above.
- Step 20. The Board of Directors of the Washington Foundation Shareholder and the Alaska Health Foundation shall approve and authorize the execution of the Registration Rights Agreement. The Washington Foundation Shareholder and the Alaska Foundation shall approve and authorize the execution of the Registration Rights Agreement.
- Step 21. The Washington Foundation Shareholder, Alaska Health Foundation, and New PREMERA shall execute and deliver to each other the Registration Rights Agreement.
- Step 22. To comply with requirements imposed by the BCBSA, the Washington Foundation Shareholder, Alaska Health Foundation, New PREMERA and the Trustee designated therein shall execute and deliver to the others the applicable Voting Trust Agreements, and certificates evidencing shares of the New PREMERA stock required to be deposited in trust pursuant to the terms of such Agreements shall be endorsed and delivered by the Washington Foundation Shareholder and Alaska Health Foundation to the Trustee.
- Step 23. In the event there is no agreement between the State of Washington and the State of Alaska as to the allocation of the New PREMERA shares between the Washington Foundation Shareholder and Alaska Health Foundation on or before receipt of the last of the approvals set forth in Section 4.3 of the Plan of Conversion, or if distribution of the New PREMERA shares to the Washington Foundation Shareholder and Alaska Health Foundation is precluded, New PREMERA, the Washington Foundation Shareholder, and Alaska Health Foundation and the Unallocated Shares Escrow Agent shall execute the Unallocated Shares Escrow Agreement.
- Step 24. New PREMERA, New PBC, the Washington Foundation Shareholder, and Alaska Health Foundation shall execute and deliver the License Agreement.
- Step 25. New PREMERA and the Escrow Agent shall execute and deliver the Excess Shares Escrow Agreement.

Step 26. New PREMERA and PBC-AK shall execute and deliver their Guaranty Agreement.

Step 27. New PREMERA and New PBC shall execute and deliver their Guaranty Agreement.

## EXHIBIT H

### Form of Closing Certificate

I, \_\_\_\_\_, the duly elected, qualified and acting [chief executive officer][chief financial officer] of PREMERA, a Washington non-profit miscellaneous corporation (hereinafter referred to as the "Company"), hereby certify, on behalf of the Company, to the best of my knowledge, after reasonable investigation, that:

From [DATE] through the date hereof, there has been no Reportable Change, as such term is defined in the Company's Plan of Conversion filed with the Insurance Commissioner of the State of Washington on February 5, 2004, except:

1. [List nature of Reportable Changes, if any]

IN WITNESS WHEREOF, I hereby subscribe my name and affix the seal of the company this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Name:

Title:

## **EXHIBIT I**

### **WASHINGTON IPO PROCEDURES OPINION**

Prior to and during the Premera initial public offering process, Blackstone would take the following steps, among others, to assess and monitor several areas:

- Review the Form S-1 Registration Statement to be filed with the United States Securities and Exchange Commission (the “SEC”) and any correspondence between the Company and the SEC with respect thereto;
- Review the Company’s preliminary prospectus (“Preliminary Prospectus”) to be prepared in connection with the IPO;
- Review or discuss with the Company, the underwriters and/or their respective counsel, the nature and scope of any anticipated changes from the Preliminary Prospectus to the final prospectus to be delivered to purchasers of common stock in the IPO;
- Review draft copies of the underwriting agreement and the agreements among underwriters, and discuss with the underwriters the nature and scope of any anticipated changes from the drafts reviewed to the final documents to be executed;
- Review copies of the filings to be made with the National Association of Securities Dealers, Inc. by the underwriters;
- Review with the Company and the underwriters the proposed strategy for presenting the Company to potential investors in the IPO and attend certain final versions of the presentation to investors (the “Roadshow”);
- Review (i) the marketing materials to be presented in the Roadshow, (ii) the Roadshow schedule for the IPO, (iii) lists of Roadshow invitees and attendees for both group and one-on-one presentations, and (iv) the underwriters’ lists of the syndicate and selling group expected for the sale of shares in the IPO;
- Discuss from time to time with the underwriters the state of the equity and initial public offering markets and the progress of the IPO;
- Review the performance of United States stock markets in the period leading up to the IPO (i) in general, (ii) with regard to selected publicly traded managed care companies, and (iii) with regard to initial public offerings priced during the period reviewed;
- Review the post-IPO price performance of managed care initial public offerings;
- Meet with the Company’s senior management and the underwriters prior to the pricing committees’ final meeting, where the final terms, conditions and price of the IPO would be discussed and agreed upon by the pricing committees and the underwriters; and
- Perform such other procedures, review such other documents, and be provided such other access to the IPO process as we would deem appropriate for the delivery of an opinion.

## **ALASKA IPO PROCEDURES OPINIION**

As part of its role as advisors to the Alaska Division of Insurance on the reorganization of PREMIERA, Signal Hill Capital will use its best efforts to monitor the IPO process. As part of the monitoring, it may review elements of the IPO process, including but not limited to the following items:

- **Marketing Process**
  - Review draft S-1 filing
  - Review the IPO marketing strategy
  - Review the roadshow presentation materials and proposed roadshow schedule
  - Review registration statement and amendments thereto prior to filing
  - Review press releases
  - Attend large group and other roadshow meetings as deemed necessary
  - Review lists of selected parties invited and attendees to group roadshow meetings and one-on-one meetings
- **Syndication Process**
  - Monitor makeup of syndicates and underwriting of shares
  - Monitor allocation (by number of firms and numbers of shares for each category listed below)
    - Managers retention
    - Underwriters retention
    - Institutional pot
    - Selling group
    - Employees, friends and other company designated groups
  - Review underwriting documents
    - Underwriting agreement
    - Agreement among underwriters
- **Syndicate Mechanics**
  - Review total underwriting spread and split
    - Management
    - Underwriting
    - Selling concession
    - Reallowance
  - Review pot split
  - Review respective roles of the co-managers
  - Review underwriting expenses by category
- **Deal Layout**
  - Receive updates as appropriate from lead manager regarding state of the market and development and complexion of order book
  - Attend all meetings with PREMIERA's pricing committee prior to and during the roadshow
  - Attend the final pricing meeting

- **Valuation**
  - Monitor ongoing financial performance of PREMIERA
  - Ongoing review of material events at PREMIERA and the insurance industry
- **Other**
  - Monitor regulatory processes
  - Review SEC comments
  - Review comfort letter
  - Review significant SEC communications
  - Review Blue Sky process
  - Review NYSE listing process
  - Review amendments to registration statements